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Mr. William F. Caton  
Secretary  
Federal Communications Commission  
1919 M. Street, N. W.; Room 222  
Washington, D.C. 20554

RE: Ex Parte Letter CC Docket No. 92-77: Phase II. Billed Party Preference

Dear Mr. Caton:

Several of the parties, including **MessagePhone**, represented that both call slamming and call blocking will be reduced or eliminated with Billed Party Preference ("BPP").<sup>1</sup> Furthermore, these parties noted that call slamming and call blocking will not be affected by the alternative solutions described in proposals submitted by the Competitive Telecommunications Association ("CompTel")<sup>2</sup> and the National Association of Attorneys General (NAAG). In essence, with the addition of BPP technology, the existing network and systems and policies can be used effectively to identify and stop call slamming and call blocking. **MessagePhone** will use this ex parte letter to explain these problems and the solutions in more detail.

#### Call Slamming

Unlike residential call slamming, operator call slamming occurs when an operator service provider ("OSP") or the OSP's agent illegally changes the service provider presubscribed to a telephone *without the location owner's permission*. This type of slamming affects only the operator or "0" calls instead of "1+" calls. Usually operator call slamming occurs with local exchange carrier pay telephones.

Operator call slamming is a rampant problem. In an ex parte letter to the Federal communications commission ("Commission"), William Balcerski of New York Telephone Company established that, in 1993, the presubscribed operator service provider changed

<sup>1</sup> E.g., **MessagePhone** Comments at 2-4, Reply Comments at 3, 5-6; National Association of Attorneys General ("NAAG") comments at 4-5; New York Department of Public Service ("NYDPS") comments at 3.

<sup>2</sup> Representatives of **Bell Atlantic**, **NYNEX**, **BellSouth**, **US West**, and the American Public Communications Council ("APCC") jointly submitted the proposal with **CompTel** on March 7, 1995.

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an average of three times per **telephone**.<sup>3</sup> During 1994, the incidence of service provider changes per telephone quadrupled. New York Telephone believed that most of these telephones were "slammed."

Efforts by New York Telephone and other **LECs** to stem operator call slamming have not been satisfactory. For example, the Federal Communications Commission ("FCC") recently issued a notice of apparent liability to Oncor for forfeiture of \$1.41 million for operator call **slamming**.<sup>4</sup> Oncor had substituted itself as the **presubscribed** OSP on pay telephones owned or maintained by the Metropolitan Transportation Authority of New York.

Unfortunately, most **incidences** of OSP call slamming are not reported to the FCC. Consumers who use the pay telephone do not know if the telephone has been slammed. They will complain to the FCC only about unfair rates. Likewise, premises owners **often** do not detect pay telephone slamming. Unlike residential call slamming, which is often detected when the next bill is received, OSP call slamming can go undetected by the premises owner for several months to a year or longer. Many companies with facilities that utilize pay telephones do not account for incoming funds, especially small commission checks, as closely as they do disbursements. Others, despite accounting practices, will not notice that the slamming took place, especially if they continue to receive commissions.

Often call slamming is perpetrated by an agent of the OSP rather than by the OSP directly. Agents will indiscriminately sign the names of persons with the responsibility (or previously with the responsibility) for selecting the OSP. Equally common, agents will have an unauthorized employees sign the contract. For example, most convenience store chains have administrative employees who select the OSP for their chain of stores. Instead of approaching this individual, the unscrupulous agent pressures an unauthorized clerk at the convenience store to sign the contract. Instead of sending the commission to the appropriate location, often the OSP sends the check to the convenience store, making it more difficult to detect the slamming. A recent article in the Wall Street Journal, attached hereto as Exhibit A, provides an excellent description of how agents will slam telephones:

To sign up phones, an OSP sales agent merely sent a form to the local phone company, saying a restaurant or gasoline station wanted to switch carriers. If the owner wasn't available to sign, some agents settled for a waitress or cashier. At times, they sent unauthorized orders by wire, a tactic called "slamming." Oncor concedes some of its agents engaged in

<sup>3</sup> Ex Parte Letter from William J. Balcerski to William F. Caton, c o r v . N e w York Telephone Company, File Number E-93-46, May 3 1, 1994.

<sup>4</sup> Telecommunications Reports, April 3, 1995 at page 46.

such "electronic warfare," but Mr. **Haan**, in a written response to questions, said, "We got slammed more than **anybody**."<sup>5</sup>

OSP call slamming harms a large number of consumers -- possibly hundreds of consumers per pay telephone before the slamming is detected. Conversely, an incident of residential call slamming will only **affect** one individual or family..

**CompTel's** and **NAAG's** proposals will have absolutely no impact on OSP call slamming. Premises owner **presubscription** will continue as it has for the last decade. All pay telephones will remain susceptible to slamming by unscrupulous **OSPs** and their agents. However, with BPP, **OSPs** and their agents will no longer be able to slam premises owner **presubscribed** telephones. Instead, in order to continue slamming, **OSPs** will have to illegally switch hundreds or thousands of residential consumers to have the same impact as slamming one pay telephone. Large scale slamming of residential consumers will make the perpetrators very visible and the misdeeds much easier to detect and enforce. Accordingly, OSP call slamming will decrease significantly, if not disappear, once BPP is mandated by the Commission.

#### Call Blocking

State regulators and other parties representing consumer interests continue to submit evidence in this proceeding confirming that call blocking is a steadily growing **problem**.<sup>6</sup> Unlike operator call slamming, which is primarily associated with LEC-owned pay telephones, call blocking occurs when independent pay telephone providers ("**IPPs**") utilize the intelligence residing in their pay telephones to block certain dial-around telephone calls. Very few **IPPs** that engage in blocking actually obstruct access to all providers. For example, a survey conducted by the Texas Public Utility Commission ("Texas PVC") demonstrated that dial-around calls directed to MCI and AT&T were blocked most often -- 39.4% of the telephones blocked MCI dial-around codes and 23.4% blocked AT&T codes.<sup>7</sup> In contrast, a similar survey conducted in Indiana revealed that both MCI and Sprint were blocked much more **often** than **AT&T**.<sup>8</sup> Still, because a significant number of IPP telephones block dial around access to some **OSPs**, BPP should be initiated according to both surveys, very few **IPPs** programmed their telephones to block **all** dial-around calls.<sup>9</sup>

<sup>5</sup> Pearl, Daniel, "Why Pay-Phone Calls Can Get So Expensive And Spark Complaints," The Wall Street Journal May 30, 1995, at page **A5**. However, the article falls short of explaining in detail how the problem is exacerbated by call blocking

<sup>6</sup> E.g., NAAG Petition at 3, note 5; National Association of State Utility Advocates ("NASUCA") 1994 Comments at 3-5, Attachments C-D.

<sup>7</sup> The Private Pay Telephone Survey, August 24, 1993, published by the Texas PUC, is attached as Attachment C to the NASUCA 1994 Comments.

<sup>8</sup> NASUCA 1994 Comments at Attachment C.

<sup>9</sup> According to the Texas survey, approximately 40% of the **IPPs** blocked some dial-around access; 22.9% blocked **all 10XXX** access; but less than 1% blocked all dial-around access.

The record also demonstrates that **CompTel's** and **NAAG's** plans do not offer a solution to the current problem of call blocking. In fact, neither solution even addresses the problem. The OSP market, with its current design to gouge consumers and promote call blocking, will remain intact.

However, BPP will radically change the nature of the operator services market and make because competition will be refocused on the consumers. Accordingly, **MessagePhone** posits that the introduction of BPP *in and of itself* will stop all call blocking. Alternative **OSPs** will suffer drastic reductions of revenue unless they alter the way they "do business" by offering quality service and competitive prices to consumers. The impetus and opportunities for call blocking will all but disappear. BPP will end the current practice of blocking dial around calls, in part because consumers will no longer dial extra digits in order to access their preferred carrier. With BPP, consumers finally will have equal access **from** pay telephones. All "0" calls automatically will be directed toward paying party's presubscribed service provider. Dial around calling, and dial around call blocking, will stop.

In this new environment, an IPP would have to block all "0" calls in order to engage in call blocking. A few pay telephone providers may choose to block all "0" calls that would be routed by BPP automatically to the consumers' presubscribed carriers and direct the calls to the presubscribed carrier. However, call blocking on IPP telephones can not generate enough revenue to enable these **OSPs** to survive. With BPP, alternate **OSPs** could only continue to survive if they refocus their business by offering quality services at competitive prices -- probably to niche markets. BPP finally will garrote **OSPs** that refuse to become consumer oriented. In addition, Texas and Indiana surveys cited above show that it is unlikely that **IPPs** will take this step. Even in the current environment, very few IPP block dial around access to *all* other operator service providers. It is possible that **IPPs** that engage in blocking believe that complete blocking increases the probability that their behavior will be detected.

BPP will provide a simple mechanism with which the few remaining perpetrators of call blocking can be easily identified. *with BPP, the consumer's month& bill, in and of itself, will provide a record of each and every incident of call blocking.* BPP assures that the consumer automatically accesses only his or her presubscribed OSP. The bill received from the LEC (or another billing company) should contain only a record of transactions processed by that carrier, *Consumers could assume that transactions billed by other carriers would be the byproduct of call blocking.* This would be especially true if the other service provider's rates were exorbitant." Once BPP is implemented, it would be helpful if LECs and other billing companies included warnings in the monthly

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<sup>10</sup> Consumers should be allowed to choose carriers other than their OSP in order to access special discounts and savings. These carriers should be recognizable on the bill because of the low rate.

statements which informed consumers that charges **from OSPs** other than their presubscribed provider likely were the result of fraudulent business practices. **IPPs** and **OSP**s that engaged in call blocking would generate an easily identifiable trail and likely would not generate revenues for their efforts.

With the addition of BPP technology, the network itself also will discourage call blocking by providing the capability to identify those service providers that bypass BPP. Currently, as part of the LIDB query, the query transaction is given a transaction identification code.<sup>11</sup> In addition, the LIDB query can be time stamped. The transaction identification code typically is stored in a computer processor by the owner of the LIDB so that the service provider making the query can be charged for the service (*e.g.*, \$.065 for each query). It is our understanding that the local exchange carriers ("**LECs**") that provide tariffed billing services for **OSP**s require proof of validation such as a LIDB transaction identification code number. Many alternate **OSP**s currently choose to risk processing unbillable calls by validating the line and billing data with a LIDB query *after* the call is completed. This practice is known as "post-validation." The larger **OSP**s validate the data as part of "0" call processing, nullifying the risk of completing a transaction with bad billing or line information. Regardless of whether the call is validated with a real-time query or with post-validation, the call receives a LIDB query transaction number as proof of validation.

With BPP, every "0" call transaction will begin with a LIDB query in order to determine the identity of the consumer's presubscribed **OSP**. The LIDB query also will be used to determine if the billing data and line information is valid. Each query will be given a transaction identification code number, just as it is today. For all practical purposes, with BPP, the use of post validation LIDB queries by **OSP**s will be unnecessary, because a LIDB validation already is completed by the BPP technology for each call transaction. The practice of post-validation can be **terminated**.<sup>12</sup> All legitimate telephone calls will be validated when the LIDB is queried to determine the presubscribed carrier. With the cessation of post-validation, **OSP**s would be unable to use the **LECs** to bill for fraudulent calls.<sup>13</sup> Without post-validation, call blocking would only be successful if the **IPP**, the **OSP** and the billing company conspired -- which is unlikely because the resulting revenues are too small (and the monthly statements would clearly identify the **fraud**). Billing companies would simply bill only those transactions that have LIDB transaction numbers.

<sup>11</sup> See **Bellcore** documents **TR-TSV-000954** at section C and TA-NPL-000872. **TR-TSV-000954** illustrating the various fields currently utilized for query transmissions are attached hereto as Exhibit B. Several pages from The LIDB query currently is used to validate billing and telephone line information.

<sup>12</sup> Post-validation **also** would be unattractive to service providers because it would cause them to incur the extra expense of a second **LIDB** query. There should be no objections if BPP tariffs require that service providers utilize real-time validations.

<sup>13</sup> Almost all alternate **OSP**s use the **LECs** to bill for their services. Past experiences for these companies demonstrate that alternate **OSP**s have a much more difficult time collecting payments when the bill is not associated with the **LEC** monthly statement.

Mr. William F. Caton

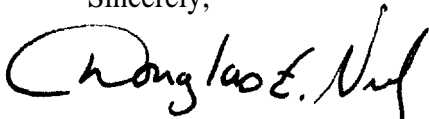
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For additional security, each LIDB query can be time stamped. A computer can be utilized to verify that the time of the LIDB query is concomitant to the rest of the call transaction.<sup>14</sup>

The technology for assigning transaction identification codes and time stamping transactions and the data bases for recording these data already exist, are in place and are being used for similar purposes. These technologies and data bases would enable **IPPs** and **OSPs** who block "0" calls to be readily identified. In essence, the network, not the LEC will serve as the system policeman. However, as stated above, BPP will create a competitive environment that will not be conducive either to operator call splashing or call blocking. With BPP, call blocking can be identified simply by looking at the consumer bill. Because competition will be effectively refocused on end-users, operator call splashing and call blocking should disappear. It is possible that some **OSPs** will refocus their illegal efforts by splashing residential consumers. However, residential call splashing is much easier for consumers to identify and correct.

**MessagePhone** is available to provide the Commission and its staff with additional information. Please contact us if we can be of assistance.

Sincerely,



Douglas E. Neel

cc: Mark Nadel

<sup>14</sup>

It should be **noted** that, before LIDB access was first **tariffed**, several **RBOCs** intended to allow queries only during call set-ups. Post validation would not have been allowed. The **RBOCs** ultimately decided **against** this approach because many **OSPs**, including Sprint and MCI, were incapable of **LIDB** queries during a call set-up. Subsequently, network equipment has been installed that allows all service providers to query LIDB data bases as the call is being processed.

## **EXHIBIT A**

## Costly Talk

# Why Pay-Phone Calls Can Get So Expensive And Spark Complaints

Some Long-Distance Carriers Reward Shops to Sign Up And Then Soak Callers

Has Competition Gone Awry?

By DANIEL PEARL

Staff Reporter of THE WALL STREET JOURNAL

**DALLAS** — When you are selling some of the country's most expensive telephone service, it helps if customers don't care what you charge.

Cynthia Whiting, a marketer for Oncor Communications Inc., is pursuing a Cleveland Laundromat owner named Nick. If he will choose Oncor as the long-distance carrier for the Laundromat's pay phone, she promises him \$50 up front plus monthly commission checks. Oncor also will pay the local phone company's switching charge and give him 20 minutes of free long-distance calls.

In the strange world of pay phones, Nick is the customer, and the person doing the dialing is merely an "end user." Like most of Ms. Whiting's customers, Nick says yes without asking how much the end user will pay.

The answer: a surcharge of up to \$10, plus an operator charge of about \$3, plus per-minute charges typically three times higher than those of AT&T Corp. Those rates, which enable Oncor to pay Nick so much, have helped the company become AT&T's largest competitor in the \$7 billion-a-year pay-phone industry.

Many Complaints.

Not surprisingly, Oncor also is the industry's biggest source of complaints. In its Dallas offices, where 3 Cynthia Whiting and 100 other telemarketers sign up new customers, nearly as many sit in an adjacent room taking calls from angry end users.

"It's just so expensive," a shocked caller tells Dwight Harris, who gazes at a computer-screen summary of his \$27 bill. Mr. Harris, in a weary monotone, offers each disgruntled caller some free long-distance minutes as calculated by his computer. 11, the caller persists, Mr. Harris offers to reduce the bill.

Despite such appeasement, 1,024 people last year wrote complaint letters about Oncor to the Federal Communications Commission. One was Norman Shear, a New Jersey contractor who was billed \$19.10 for a 10-minute collect call from New York's Queens borough to his office and \$8.47 for a two-minute calling-card call from his office to Queens. "How can the government allow this to happen when deregulation of the phone company was to help everybody, not rape them?" he asked.

## Impact of Deregulation

Congress wants to deregulate the industry even further on the assumption that more competition will lower prices. But competition over pay phones has made prices soar. Even AT&T charges 65% more than in 1984 for a 10-minute call from a Los Angeles pay phone to New York. Its operator-assistance charges have risen, too.

Government efforts to hold down rates have achieved little. In 1991, FCC staffers pressured some carriers to reduce rates, but Oncor then called International Telecharge Inc. slipped through the cracks. A year later, the FCC told Congress that "market forces are securing just and reasonable rates" because callers were dialing special codes to choose cheaper carriers. But market forces also were leading Oncor and similar companies to raise rates and sign up pay phones in poor neighborhoods, where callers often don't use the codes.

Now, the FCC is cracking down on Oncor directly. In March, it fined Oncor \$1.4 million for switching 94 phones in the New York subways from AT&T without permission from the Metropolitan Transit Authority. In April, the FCC ordered Oncor to lower its rates or justify them. The company is trying to negotiate a settlement of both matters. FCC officials say they soon will pursue other companies.

## An Angry Regulator

"This stuff makes me furious," says Kathleen Wallman, the FCC's top telephone regulator. "There are companies operating out there as traps for the unwary. People deal with them by mistake, not by choice."

The pay-phone industry, too, is furious with Oncor. Its high rates give pay phones a bad name, says Vincent Sandusky, president of the American Public Communications Council, which refuses to cash Oncor's membership check. The trade group is pushing the FCC to formally cap rates.

However, Republican opposition to new regulations could keep the FCC from doing so. And Oncor — whose 48-year-old founder and sole shareholder, Ronald Haan, has given \$31,000 to the Republican National Committee since 1991 — still has influence. Last week, Oncor helped spark opposition to a provision in a telecommunications bill that would make it harder for companies such as Oncor to go after Bell pay phones. That language was weakened by the time the bill passed the House Commerce Committee last Thursday.

Oncor is fighting rate caps, too, with leaflets, petitions and personal lobbying. Its officials say they are victims of high costs, counterattacks by AT&T and vicious competition for customer. They say AT&T would have little pay-phone competition if it weren't for companies such as Oncor, which charge more for the same reasons.

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The Wall Street  
Journal

May 30, 1995

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# Costly Talk: Wh On Pay Phones A

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that mom-and-pop stores charge more for bread. "We didn't set out to be the highest-priced carrier," Gregory Casey, vice president for regulatory affairs for the Bethesda, Md., company, told FCC officials recently.

The soft-spoken Mr. Haan did set out to be a major carrier, though. The former telephone-software salesman entered the public-phone business in 1986, and, to bet on it, later sold his software company for \$60 million.

Now, he pockets Oncor's annual after-tax profits of about \$11 million plus a "modest" salary, the company says. Though Oncor says it will take Mr. Haan another two years to recoup his investment, he lives in high style. He bought a Washington society magazine for his second wife. He married his third wife last year in a lavish ceremony on the French

**How much for an Oncor bill?**

Oncor's monthly bill for a pay phone varies. Call to 1-800-444-4444 for a bill. The following call to 1-800-444-4444 from a pay phone in Dallas, Tex., would cost \$13.93. A comparable call through AT&T would cost \$12.28. Here's how Oncor says it arrived at the bill:

\$4.03	Original charge to customer and distributor
2.57	Cost of service, including operator fee
2.34	Wholesale long-distance charges
1.61	Payphone toll-free charge
1.25	Charge for long-distance call
0.81	Charge for local call
0.66	Charge for payphone
0.44	Charge for payphone
0.22	Charge for payphone

Riviera. The Haans regularly fly by private jet to homes in Boca Raton, Fla., Aspen, Colo., and San Francisco.

At first, his customers were hotel chains. His first public-phone company, National Telephone Services Inc., processed long-distance calls for hotel guests and gave hotels a percentage of each bill. But AT&T won back the big ones.

## Small Firms Targeted

So, Mr. Haan began pursuing small businesses — restaurants, gasoline stations, hospitals and Laundromats — that had on their premises pay phones owned by local phone companies. Under a 1988 federal-court ruling, the site owner, not the phone company, picks the long-distance carrier for a pay phone, just as people

## Choose one for their home phones.

As an operator-service provider (OSP), Mr. Haan wanted to become the "zero-plus" carrier for as many phones as possible. That meant receiving any long-distance call that started with a zero rather than an access code; it included collect calls and those using another carrier's calling card. An OSP generally used its own operators and bought long-distance access wholesale.

Size was an advantage, Mr. Haan decided. With cash infusions and complicated financial maneuvers, he took over two larger, struggling OSPs in 1991 and created Oncor. The deals gave him a \$20 million operator center able to handle a million calls a day in 10 languages.

Mr. Haan was known as a brutal competitor. In its early months, Oncor seemed near failure, but Mr. Haan quickly turned a profit by squeezing creditors, shedding unprofitable accounts and increasing yields, his managers say. Oncor depicted itself in ads as an astronaut among cave-men and a lion among kittens.

As many as 300 rival OSPs competed against Oncor. Many offered record pay-offs to businesses with pay phones. For example, airports that once received 20% of each call's price soon were getting 28%. AT&T started paying commissions, too. Before long, airports could insist on being paid by the number of passengers they handled rather than by the call.

## Adding New Customers

To sign up phones, an OSP sales agent merely sent a form to the local phone company, saying a restaurant or gasoline station wanted to switch carriers. If the owner wasn't available to sign, some agents settled for a waitress or cashier. At times, they sent unauthorized orders by wire, a tactic called "slamming." Oncor concedes some of its agents engaged in such "electronic warfare," but Mr. Haan, in a written response to questions, said, "We got slammed more than anybody."

Nynex Corp. says its pay phones were being switched at least once a month before it took steps to curb slamming last year. Now, Nynex advertisements urge New Yorkers to "look for" its pay phones and "look out" for independents. Yet nearly 40% of Nynex pay phones are linked to obscure OSPs, with Oncor having the biggest share after AT&T.

To stay ahead, Oncor uses a platoon of distributors, outside sales companies. Its favorite is Western Group Communications Inc., of Dallas, whose star salesman is Marvin Brock, an energetic 35-year-old minister with two Bibles in the trunk of his car. He insists on saying "upgrade" instead of "switch" when he strides into bodegas or nightclubs to urge owners to sign up with Oncor. If they do, Mr. Brock collects a fee as long as the phone stays with Oncor. A good phone can bring him more than \$20 a month; he especially likes those used by Mexican immigrants to call their relatives collect.

Long-distance salesmen swarm into Dallas's poor neighborhoods. Mr. Brock says one besieged convenience-store owner used an Uzi to show him the door; Mr. Brock says he returned several times and is still after the business.

"They won't take no for an answer," complains Jackie Lay, owner of a new Dallas Laundromat. Three OSPs already

have sought her single Southwestern Bell pay phone by the time Mr. Brock arrives. "You're not receiving the dollar you're entitled to receive every time someone picks up the phone and dials zero," he tells her. Leaning on her mop, Ms. Lay says the phone is "the least of my worries right now." But Mr. Brock persists, giving her a card for free long-distance calls: it will be renewed if she switches to Oncor. Some weeks later, he signs her up.

#### Ignoring the Rates

Mr. Brock says he tries not to know Oncor's phone rates so that on the rare occasions he is asked he can say "I don't know" and move on. "You've got to spend your time wisely," he says.

All that hustling is one reason Oncor's rates are so high. The company says it paid \$55 million in commissions last year, or 29 cents of the end user's dollar. Distributors are getting more money, too. Oncor once paid them \$15 for every phone they signed up. But distributors would switch phones to Oncor one week and to a rival the next. Keeping them loyal required higher payments and higher phone bills.

In 1993, for example, Oncor agreed to pay a distributor, Access America Digital Communications Inc., \$75 for each new pay

phone, and it charged callers an extra 25 cents per minute to recoup the fee. The contract also allowed Oncor to increase the 25-cent surcharge if its profit margin fell below 15%. "Haan doesn't care how many hands are in the pie, as long as the pie is big enough that he gets a big slice of it," says Jack Lake, a former distributor. Oncor disputes that, saying it has tried to limit surcharges.

The high rates of some OSPs became a marketing tool for AT&T. In 1991, television ads urged pay-phone users to hang up and dial AT&T's five-digit access code if they didn't hear AT&T's familiar "bong." The company also introduced "proprietary" cards that don't work on phones wired to other carriers unless the caller dials an access code or 800 number first. AT&T even told people to destroy their old cards. And commercials urge people to dial AT&T's or MCI Communications Corp.'s special 800 numbers for collect calls.

Every time an end user "dials around" Oncor to save money, an Oncor customer misses a commission. To keep customers' checks from shrinking, Oncor raises commission rates. To keep its own revenue constant amid dwindling volume, Oncor acknowledges that it has increased its

caller charges — giving people even more reason to avoid the company.

So Oncor cuts costs. It fired 10% of its employees in January. At the Dallas center, it checks phone traffic every 15 minutes and gives operators time off without pay if volume drops even 1%.

Oncor also is chasing independent pay-phone providers as customers. IPPs don't own nearly as many phones as do local phone companies. But they do choose their own long-distance carriers, and a typical IPP controls hundreds of phones. Oncor's trade advertisements promise them "the highest zero-plus commissions you can find anywhere."

Often, that isn't enough. J. Patrick Matthews, vice president of Publicom Inc., a Granger, Ind., IPP, is considering switching 150 phones to AT&T from Oncor. Payments to Publicom for each call would be lower, but most dialers now use access codes to avoid Oncor anyhow, he says.

To combat access codes, many IPPs encourage callers to use coins instead.

"Call anywhere in the USA for 25 cents a minute," their phones say. Some do more; a California survey found that one in five pay phones there was illegally programmed so that callers couldn't use ac-

cess codes or 800 numbers. And many pay-phone owners don't post required labels identifying a phone's OSP. At a Texaco station in Dallas, two adjacent phones are labeled "AT&T," but dialing "00" reveals that one is wired to Oncor.

Citing consumer confusion, the FCC in 1992 proposed a plan that would route every pay-phone call to a dialer's regular long-distance carrier — a change that would clobber OSPs such as Oncor. Some OSPs, fearing the end was near, raised their rates even higher.

Oncor and the rest of the pay-phone industry fought the plan, and it hasn't advanced. Now, Oncor and the American Public Communications Council are at odds. The trade group wouldn't let Oncor have a booth at its Las Vegas convention last month, but Mr. Haan set up an unofficial hospitality suite anyway. Oncor executives distributed "No Rate Caps" buttons, plus data showing that some rivals charge just as much.

On the convention floor, Garry McHenry, sales manager for a rival OSP, was rooting for Oncor. Some pay-phone companies may think they are Ma Bell, he said, beer bottle in hand, but "Oncor recognizes the industry for what it is."

## **EXHIBIT B**

# CALLING CARD QUERY MESSAGE

	1	1	1	1	1	1	1	1	1
0	1	1	1	0	0	0	1	0	PACKAGE TYPE identifier (Query with Permission)
1	0	0	1	1	6	0	1	1	TOTAL TCAP MESSAGE length (51)
2	1	1	0	0	0	1	1	1	TRANSACTION ID identifier
3	0	0	0	0	0	1	0	0	TRANSACTION ID length (4)
4	(transaction ID)								ORIGINATING TRANSACTION ID
5	"								
6	"								
7	1	1	1	0	1	0	0	0	COMPONENT SEQUENCE identifier
8	0	0	1	0	1	0	1	1	COMPONENT SEQUENCE length (43)
9	1	1	1	0	1	0	0	1	COMPONENT TYPE identifier (INVOKE COMPONENT, LAST)
0A	0	0	1	0	1	0	0	1	COMPONENT length (41)
0B	1	1	0	0	1	1	1	1	COMPONENT ID identifier
0C	0	0	0	0	0	0	0	1	COMPONENT ID length (1)
0D	(invoke ID)								INVOKE/CORRELATION ID
0E	1	1	0	1	0	0	0	1	OPERATION CODE identifier
0F	0	0	0	0	0	0	1	0	OPERATION CODE length (2)
10	1	0	0	0	0	0	0	1	reply required / parameter
11	0	0	0	0	0	0	0	1	provide value
12	1	1	1	1	0	0	1	0	PARAMETER SET identifier
13	0	0	1	0	0	0	0	0	PARAMETER SET length (32)
14	1	1	0	1	1	1	1	1	CALLING CARD VERIFICATION INFORMATION - identifier
15	0	1	1	1	0	0	0	0	" " " " "
16	0	0	0	0	0	0	0	0	CALLING CARD VERIFICATION INFORMATION - length
17	1	0	1	0	1	0	1	0	SERVICE KEY identifier
18	0	0	0	1	1	0	1	1	SERVICE KEY length (27)
19	1	0	0	0	0	1	0	0	DIGITS IDENTIFIER
1A	0	0	0	0	1	0	0	1	DIGITS LENGTH (9)
1B	0	0	0	0	0	1	0	1	Type of Digits (billing number)
1C	0	0	0	0	0	0	0	0	Nature of Number (not used)
1D	0	0	1	010	0	0	0	1	Numbering Plan (telephony numbering plan)/Encoding Scheme (BCD)
1E	0	0	0	0	1	0	1	0	Number of Digits (10)
1F	1							2	Digits
20	3							4	
21	5							3	
22	0							1	
23	2							4	

# CALLING CARD QUERY MESSAGE. CONT.

24	1	1	0	1	1	1	1	1	PIN IDENTIFIER
25	0	1	1	0	0	0	0	0	" "
26	0	0	0	0	0	0	1	0	PIN LENGTH (2)
27	4			1			2		PIN
28	8			1			6		
29	1	0	0	0	0	1	0	0	DIGITS IDENTIFIER
2A	0	0	0	0	1	0	0	1	DIGITS LENGTH (9)
2B	0	0	0	0	0	0	1	0	Type of Digits (ANI)
2C	0	0	0	0	0	0	0	0	Noturc of Number (not used)
20	0	0	1	0	1	0	0	1	Numbering Plan (telephony numbering plan)/Encoding Scheme (BCD)
2E	0	0	0	0	1	0	1	0	Number of Digits (10)
2F	1			1			2		Digits
30	9			1			4		
31	7			1			8		
32	1			1			8		
33	0			1			3		

# CALLING CARD QUERY. NORMAL RESPONSE MESSAGE

	1	1	1	1	1	1	1	1	
0	1	1	1	0	0	1	0	0	PACKAGE TYPE identifier(Response)
1	0	0	1	0	1	1	1	8	TOTAL TCAP MESSAGE length (46)
2	1	1	0	0	0	1	1	1	TRANSACTION ID identifier
3	0	0	0	0	0	1	0	0	TRANSACTION ID length (4)
4	(transaction ID)								RESPONDING TRANSACTION ID
5	"								
6	"								
7	1	1	1	0	1	0	0	0	COMPONENT SEQUENCE identifier
8	0	0	1	0	0	1	1	0	COMPONENT SEQUENCE length (38)
9	1	1	1	0	1	0	1	0	COMPONENT TYPE identifier (RETURN RESULT, LAST)
0A	0	0	1	0	0	1	0	0	COMPONENT length (36)
0B	1	1	0	0	1	1	1	1	COMPONENT IO identifier
0c	0	0	0	0	0	0	0	1	COMPONENT ID length (1)
00	(correlation ID)								INVOKE CORRELATION IO
0E	1	1	1	1	0	0	1	0	PARAMETER SET identifier
0F	0	0	0	1	1	1	1	1	PARAMETER SET length (31)
10	1	1	0	1	1	1	1	1	COMPANY IO identifier
11	0	1	0	1	0	0	1	1	
12	0	0	0	0	0	0	1	0	COMPANY IO length (2)
13	1								COMPANY IO
14									
15	1	1	0	1	1	1	1	1	RECORD STATUS INDICATOR identifier
16	0	1	1	0	0	1	1	1	
17	0	0	0	0	0	0	0	1	RECORD STATUS INDICATOR length (1)
18	0	0	0	0	0	0	0	0	RECORD STATUS INDICATOR
19	1	1	0	1	1	1	1	1	CCSAN Identifier
1A	0	1	0	0	1	1	0	1	
1B	0	0	0	0	0	0	0	1	CCSAN length
1C	1								CCSAN
1D	1	1	0	1	1	1	1	1	PIN RESTRICTION INDICATOR identifier
1E	0	1	1	0	0	0	0	1	
1F	0	0	0	0	0	0	0	1	PIN RESTRICTION INDICATOR length (1)
20	0	0	0	0	0	0	0	0	PIN RESTRICTION INDICATOR
21	1	1	0	1	1	1	1	1	DIGITS IDENTIFIER (Private TCAP)
22	0	1	0	0	1	0	0	1	
23	0	0	0	0	0	1	1	0	DIGITS LENGTH (6)

# CALLING CARD QUERY, NORMAL RESPONSE MESSAGE, CONT.

24	0	0	0	1	0	1	1	0	Type of Digits (RAO)
25	0	0	0	0	0	0	0	0	Nature of Number (not used)
26	0	0	1	0	1	0	0	1	Numbering Plan (not used)
27	0	0	0	0	1	0	1	0	Number of Digits (3)
28	2nd			1	1st				Digits
29				1	3rd				
2A	1	1	0	1	1	1	1	1	IC INDICATORS Identifier
2B	0	1	0	1	0	1	1	1	
2C	0	0	0	0	0	0	0	10	IC INDICATORS length (2)
20	SPARE 1		ALT		1	PRI			IC INDICATORS
2E	SPARE			1	INC				